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STATE FOR WHA/CEN
STATE PASS USAID FOR LAC/RSD: BARRY MACDONALD
DEPT OF LABOR FOR ILAB: JANE RICHARDS

E.O. 12958: N/A

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SUBJECT: CUMPLE Y GANA HELPS FUND RENOVATION OF REGIONAL
LABOR OFFICE IN CHOLUTECA, HONDURAS

REF: TEGUCIGALPA 02256

¶1. (SBU) SUMMARY: On December 13, 2006 Laboff participated in the inauguration of the newly renovated regional office of the Ministry of Labor (MOL) in Choluteca, which was financed in part by the USG funded Cumple y Gana project. With USD 15 million in total DR-CAFTA related funding, Cumple y Gana has accomplished a number of items in Honduras both in the rural sectors and at the MOL in Tegucigalpa. These initiatives should increase compliance with Honduran labor law in some areas of the largely underserved rural sectors. It is less certain, however, whether the MOL can make significant progress for those Hondurans working for larger companies. END SUMMARY.

¶2. (SBU) Laboff made remarks in the reopening ceremony at the regional office of the Ministry of Labor (MOL) in Choluteca on December 13 about the USD 15 million DR-CAFTA project, Cumple y Gana, and its role in the renovation of the office and other accomplishments in Honduras (reftel). Other speakers included the Minister of Labor, Rixi Moncada, the Minister of Industry and Commerce, Elizabeth Azcona, the Spanish Ambassador to Honduras, Agustin Nunez, the Governor of Choluteca, Cordelia Lagos, and the Regional Director of the Cumple y Gana Project based in Costa Rica, Rodolfo Piza. The reconstruction of the building was financed by the Agencia de Cooperacin Espaola, a Spanish NGO. Cumple y Gana contributed USD 30K in equipment and furniture and USD 17K for a new vehicle. The renovation is in preparation for the opening of a new USD 30 million industrial park in Choluteca. According to the Honduran Director of Cumple y Gana, Mirta Maradiaga de Bueso, the Labor Minister also replaced most of the staff and the previous regional director in Choluteca, whom she believed were corrupt.

¶3. (U) The U.S. Department of Labor provided Cumple y Gana with an initial USD 8.75 million in 2004 for seven countries, including Panama, during the negotiations of DR-CAFTA. The remaining money, USD 6.5 million for the five DR-CAFTA countries that have ratified the agreement (excluding Costa Rica), is a portion of the USD 19 million Department of State 2005-2006 DR-CAFTA funding. Regional offices in Honduras such as the one in Choluteca are a priority in this second phase to improve inspections and enhance capabilities in conflict resolution and provide training, including a new call center, TV spots, and outreach to the media and women workers.

¶4. (U) According to Dr. Piza and Ms. de Bueso, Cumple y Gana already has made improvements in inspections, conflict

resolution, and training in Honduras. In the inspections area, the project implemented a case management system, including the installation of computers, at the MOL in Tegucigalpa, started a self-evaluation checklist, and trained inspectors and shop floor managers with an emphasis on the rural sectors such as fishing, farming and cattle ranching. Compliance is lowest in the rural sectors for a variety of reasons, including a highly illiterate, disperse population. Regarding conflict resolution, Cumple y Gana provided training for conciliators and outfitted meeting rooms at the MOL in Tegucigalpa. Cumple y Gana is especially proud of its comprehensive training website, LeyLaboral.com, including a section on Honduras, and other supplementary training initiatives having to do with labor law and DR-CAFTA. These include the distribution of 10,000 training manuals and 250,000 flyers and 12 daily radio spots in certain regions of the country, as well as sectoral training for unions and employers. It even built another website specifically for the MOL.

15. (SBU) COMMENT: The emphasis on the rural sectors and regional offices in the second phase of the DR-CAFTA funded Cumple y Gana project in Honduras undoubtedly will increase labor rights compliance in the countryside of Honduras, where compliance is the lowest. Earlier efforts focused on the larger companies, such as maquilas. One of the recommendations to the MOL by Ms. de Bueso in May 2006 was to increase the number of workers who benefit from each inspection, which was at the time a meager 2.5. The problem is that inspection quotas are based on the number of companies inspected, not workers benefiting from them. Both the Regional and Country Directors told Laboff at the end of the meeting on December 13 that one of the MOL's priorities in 2007 in fact will be the maquilas. This might pump up MOL's numbers, but it fails to focus on those segments of the

economy--such as coffee, melons, and lobster--where the most egregious labor violations (including child labor) take place.
WILLIARD